What is Industrial Democracy?

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1983

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Worker participation may be beneficial, but it does not follow that workers should vote to control enterprises as citizens vote to control a political democracy.

To understand what might be meant by industrial democracy, and what its consequences might be, we must first understand the general principles that underlie the design of political democracies. Our feelings and attitudes about democracy within organizations—that is to say, industrial democracy—derive very much from our attitudes toward and experiences with the democratic political institutions that govern our country. The prestige of the label “industrial democracy” is determined very much by the value we attach to our democratic rights and privileges in our society as a whole.

The United States has had a long history of experience with a democratic political and social system. Just a few years ago, we celebrated the two hundredth anniversary of our democratic institutions. Since those institutions have survived and prospered for such a long time, we may gain some valuable lessons from their history, and from the thinking of those who were responsible for their design and construction-the Founding Fathers, men like Jefferson, Franklin, Madison, Adams, and Washington. For them, democracy was a very complex sort of institution. Now it is not necessary that the meaning of democracy to the men who wrote the American Constitution be the same as the meaning of democracy to us today. Human institutions change in response to human conditions and human experience. Perhaps human beings sometimes even learn from human history, although that is a more debatable proposition. It is certain that human institutions adjust as time goes on. In spite of the passage of time, and in the light of the 200 years of more or less successful experience of American political institutions, we would do well to take very seriously the practical judgment, the knowledge and experience, that went into their construction, and the political sophistication of the men who put those institutions together.

What was the conception that the Founding Fathers held of democracy? It was woven out of at least four separable and distinguishable ideas:

1. The first is the idea of *political democracy*—the idea that those who hold the power of the state should be elected by the general population, and should thereby be made accountable to them. Of course, in the beginning, "general population" did not mean all adults, or even all adult males, but only those adult males whose ownership of property gave them a substantial stake in the "success" of the society. That definition was gradually broadened over a century of experience until it did come to include all persons over the age of eighteen. But the central idea was not an arithmetic idea, an idea of exact mathematical equality. Rather it was the idea that political democracy rested upon broad participation in the society's decision-making process, primarily through participation in the election of the representatives who would make the laws and the executives who would administer them.
2. The second strand in the democratic tradition is the idea of personal and *civil liberties*, and foremost among those liberties, the rights of free speech, free conscience, freedom to conduct one's life with a minimum of interference from others or from the government. This idea was even more central in the thinking of the Founding Fathers than the idea of political democracy.
3. Another strand in the democratic tradition was not completely shared by all the Founding Fathers, and, indeed, was considered a rather radical idea at the time of the American Revolution. Its most prominent exponent was Thomas Jefferson. This was the idea of *equality of opportunity*—the idea that life is some kind of race, and that everyone should have a chance to win the race, to realize his basic potential as a human being. This notion of fair handicapping was the idea of equality of opportunity.
4. The fourth strand in the tradition, the idea that people should not merely have equality of opportunity, but *equality of reward*—that the race should not only be fairly handicapped, but that there should be equal prizes for all—was not widely held in the early years of the American republic. Among prominent patriots, Thomas Paine comes closest to being an advocate of equality, but he was regarded as a dangerous radical by most of his contemporaries.

Of course the third and fourth strands of the democratic tradition, equality of opportunity and equality of reward, are very different ideas. The latter became only very slowly a part of the American conception of democracy, and still has a much weaker acceptance as a genuine part of the tradition than do the other three strands. Logically, all four strands are quite distinct, but we can understand how, psychologically, a demand for equality of political participation and equality of civil rights could broaden itself gradually into demands also for equality of opportunity or even equality of rewards.

The central idea of the American Revolution, with its emphasis upon political democracy and civil liberties, was very different from the slogan of *liberté, egalité, fraternité*, put forward by the French Revolution a few years later. One reason it was different is that the framers of the American constitution and government were very pragmatic men who had had a good deal of experience of democratic government under the English Constitution. What they were primarily seeking, through their newly designed institutions, was a wide measure of personal freedom, of civil liberty; and they looked to political democracy primarily as a means rather than an end. They looked to it as a means—the only means they knew—of safeguarding their personal freedom.

Democracy and human nature

The people who framed the American Constitution were pragmatists in another way. Constructing a constitution for a nation or an organization for a business firm, a government agency, or a university is a task of design. When you design anything, you have to know the properties of the materials you are going to employ in its construction.

The materials for the construction of governments, of course, are men and women, are human beings. In order to design a government, we have to understand what we can expect from human beings. One way to go about the design is to imagine that you have available a new material, that is to say, to fashion a dogma about the New Man who is going to be your building material. Such a hope or dream of a New Man revives itself periodically. It reappeared in the experiment of the Russian Revolution, and in our own time, it appeared again in China's Maoist Revolution.

It is a seductive idea, the idea of not only designing a new constitution for a society, but of having as building material for that society a new and better form of humanity. I think many of us are skeptical whether the social and political revolutions of the past two hundred years have succeeded in molding this new man or—if they have molded one—whether it was the one they had in mind.

Moreover, it is not clear that if we could have the New Man, we would really want him. In human mythology, in the stories we tell about ourselves, in our vision of the human present and future, we sometimes imagine human beings who always behave properly, who always do what is expected of them, who are always unselfish in their support of society and its goals. On the other hand, we attach an immense value to human freedom, which includes the right of every human being to try to realize his own potential, to make his own choices. But of course when people have freedom to choose, they sometimes exercise that freedom in ways that society finds unpleasant and undesirable.

There are many literary works that celebrate the unruliness of man, the unpredictability of his choices, and his difficulty as a raw material of a social system. They underline the potential, and often realized, contradiction

between human freedom and social requirements. One example of such a work is Orwell's *1984* (a date that is not far away), which calls strongly into question whether we want a New Man who will conform entirely to the demands of society, or whether we want to preserve a kind of residual unruliness in the human species that breaks out of the laws of society. Clearly Orwell (and, I suspect, most of his readers) is on the side of personal freedom at the expense of social order.

The same theme is illustrated even more poignantly in *Liliom*, the work of the Hungarian playwright Molnar. Liliom, who is more an anti-hero than a hero, is a very imperfect man who acts upon his impulses, and in acting, hurts the people he wants to love and help. Nevertheless, we empathize with Liliom because he is very human in his weakness. Whatever damage he does, he acts as a free human spirit. We can be angry with him, but we forgive him.

Our preference for freedom versus order is tested even more severely by a motion picture like *The Clockwork Orange*. Here, some completely vicious human beings, sadistic and destructive, can be tamed to live acceptably in society only by destroying their power of initiative and choice, by reducing them to robots. The movie traps us between two equal repulsions—at their bestiality, and at their dehumanization.

The Clockwork Orange simply presents in intensified form a dilemma that every society faces. We wish people were always well behaved, but we don't want to destroy the sense of person, the root of unruliness in the human species.

The architects of the American Constitution took a particular position with respect to this dilemma. They didn't ask for a New Man. They didn't set out to design a set of social institutions whose effectiveness would depend on human beings' behaving nicely, instead of their behaving humanly. They took man as they saw him, as they had experienced him and knew him; an imperfect being, who was at best a very unsatisfactory material with which to fashion a social organization. And they tried to design that constitution of government with the knowledge that it had to be operated by those imperfect men.

Let me provide just one example of the awareness of the Founding Fathers of the nature of their building material. At the time the Constitution was drafted and proposed, there were bitter political campaigns in the thirteen states to determine whether those states would accept this new charter. In the course of the adoption campaigns, in 1787, a number of statesmen who favored the new constitution wrote articles supporting it for the newspapers. Among the most famous of these articles were the so-called *Federalist Papers* that

appeared in the State of New York while the constitutional convention was meeting there. Some of these papers were written by James Madison, some by Alexander Hamilton, and some by John Jay. I quote from one of these (*Federalist*, Number 51), in which Madison, later a President of the United States, discusses some of the fundamental issues in the architecture of the proposed constitution. He is writing here about the dangers of the concentration of power in any society.

"But the great security against a gradual concentration of the several powers in the same department consists in giving to those who administer each department the necessary constitutional means and personal motives to resist encroachments of the others. The provision for defense must in this, as in all other cases, be made commensurate to the danger of attack. Ambition must be made to counteract ambition. The interest of man must be connected with the constitutional rights of the place. It may be a reflection on human nature that such devices should be necessary to control the abuses of government. But what is government itself, but the greatest of all reflections on human nature? If men were angels, no government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence on the people is, no doubt, the primary control on the government; but experience has taught mankind the necessity of auxiliary precautions."

Here Madison is saying very clearly, "Yes, we need political democracy because it is really the best device we have found for preventing power from being seized in a few hands; but even political democracy may be used to gather power on behalf of the majority, and to suppress the rights of those who are not part of the group that holds the power."

This is a very different rationale for democratic institutions from the one so often repeated today, where democracy is treated as a matter of arith-metic—as a matter simply of counting up opinions and seeing where the majority opinion lies. In the latter simpleminded view there is very little difference between conducting a democratic government and conducting a well-designed public opinion poll. According to that view, if you are careful in sampling, you get an almost exact result.

What Madison, and the other designers of the American Constitution, saw is that democracy is not simply a set of institutions for measuring and reflecting preferences. Democracy is a system for *controlling* power, including the power of majorities. One pays a price for its checks and balances. In the American system, for example, we sometimes stumble about a good deal because power in our system does tend to be broadly distributed over the different organs of

government, and sometimes we are unable to organize that power and use it in ways in which it needs to be used. A good contemporary example of this is the difficulty the United States has been experiencing in the past years in formulating and agreeing to a national energy policy.

With a simpler form of government, with a government designed primarily to exercise power rather than to control it, these problems of reaching agreement on an energy policy could be solved in a day. We could have an energy policy—somebody's energy policy, at any rate. In a governmental structure designed to control power, it may often be a much more complex and difficult matter to get positive action. That's one of the prices to be paid for controlling power.

In any task of complex design, there is a balancing of advantages and disadvantages of each proposed feature. In the design of the American Constitution, the primary objective set by the designers was to secure personal freedom. To achieve this, governmental power must be subject to control (hence, political democracy), but it must also be protected against concentration, even in the hands of political majorities. The arithmetic of political equality was at no time a central theme of the designers of that constitution, concerned as they were to fabricate durable institutions from imperfect human materials.

The design of industrial organizations

Let me turn now from American constitutional history to the specific question of industrial democracy. We descend from the level of organization of the state to the level of organization of the corporation or government department, and of the offices within it. Our concern is with the design of the work place, of the factories and offices where we do our everyday work. Again we must specify what the criteria are to be for judging the design. What are we trying to accomplish when we set up a new organization or change an existing one? I will talk mainly about business organizations, but what I will say applies to government departments and universities as well.

Our first goal in the design of organizations is to achieve a high level of productivity and efficiency, because the primary reason for having business and industrial organizations is to produce the goods and services we need and want. Most of us like to eat, we like to sleep in warm places—I don't need to go down the whole list of things that we either want or imagine we need. It is the industrial structure on which we depend to produce these things. And so of course productivity, efficiency in the use of resources, has to be a major and central goal of this system.

Second, in order to determine who will have claims on these goods and services after they are produced, the structure has to arrange for a system of rewards for those who have participated in the production process: wages for the employees, profits for those who provided the invested capital, payments for raw materials, and so on. Hence, a second goal of the system must be to provide an appropriate system for the distribution of rewards.

Third, since we spend an important part of our lives in these factories and offices, we are concerned with the quality of working life in them. We have to balance our goals of productivity and efficiency against the safety of these environments for the people who are working in them, and against the pleasantness of the work itself and of social interactions in the work place.

Fourth, we have to be concerned, in the design of organizations, with the

structure of authority relations. One of the conditions for getting productive work done in an organization is to set up relations that permit some people to give orders to other people—subject, of course, to limits and constraints. To bring about the efficient coordination of the efforts of many people we must erect some kind of structure of authority.

Even in a university, which we don't usually consider a very authoritarian kind of organization, authority relations are needed. In my university, someone—a clerk, I suppose, in the Registrar's office—decides that my class is going to meet at a certain hour in a certain room. If I don't like the hour or the room, I can try to negotiate a change; I can sometimes persuade the scheduling authorities to assign me another room that is open at that hour. Nevertheless, most of the time I accept those decisions; I accept that authority. And so do we all in many arrangements of our lives, and particularly in our working relations. Of course in the university there are more important authority relations than those that assign classrooms. There are authoritative procedures for approving the list of courses and curricula, there are procedures for setting salaries, and for determining whether faculty appointments will be renewed. Thus, that broad range of professorial discretion that we call academic freedom, and which is so essential to the life of the university, exists within an orderly structure of authority relations.

In some organizations, the authority relations take very strong forms. An army is an obvious example. A less obvious one is a symphony orchestra. It is essential for the "productivity" of a symphony orchestra that the director—at least during concerts and rehearsals—have very strict authority over the smallest movements of the hands and mouths of the players in that orchestra. We take this for granted, and don't even think about it, unless, of course, we play in an orchestra. The relation of a director to his orchestra is not only an authority relation; it is an authoritarian relation.

It would be an interesting experiment to try to run a symphony orchestra in such a way that all decisions were reached by some sort of participative process. I, at least, am not optimistic about the result of such an experiment. In any event, all of the organizations we know make extensive use of authority, and we must clearly understand the reasons for this if we are to understand the prospects and problems of industrial democracy.

In summary, the design of an effective organization must take into account at least four kinds of criteria: productivity and efficiency; the distribution of rewards; the quality of the work place; and the nature of the authority relations. Since not all people respond to these four criteria in the same way, we must pause for a moment to consider how organizational design is affected by the diversity of human needs and wants.

Individual differences

All people have the same number of arms, legs, ears, eyes, and noses. Nevertheless, there are tremendously important differences among human beings, and organizations will be more humane places for people to live and work in if we take those differences into account.

There is a famous story of the meeting of a revolutionary organization in which the speaker is telling his audience of the delights of life after the revolution. At the climax of his speech, he says, “Comes the revolution, we will all eat strawberries, even in January.” Then someone in the very back of the room speaks up and protests, “But Sir, I don’t like strawberries; they give me hives.” To which the speaker replies: “Comes the revolution, you’ll *eat* strawberries.” It isn’t a very humane revolution that forces us all to eat strawberries, indifferent to our liking for them or our tolerance of them.

All of our social institutions do, to a certain extent, model themselves on some sort of picture of the average human being, and force us into some kind of mold shaped on that average. But as we learn to design more effective, more humane, institutions, we have to take into account individual diversity in needs and in abilities—in what people want out of life, and in what they can do.

Individual differences in needs and wants have been studied by social psychologists. The work of David McClelland and John Atkinson is, I think, especially instructive. They talk, first of all, about the need some people have for *achievement*. For some people it is extremely important that they work in a situation where they feel they can use their abilities and powers.

There are other people who have a strong need for warm social relations with other human beings, who have a need for *affiliation* with other people. It is important for them to work in a situation where they can have meaningful relations with others.

There are still other people who have a great need for *power*. They want a work situation that they feel they control, where they feel they have some mastery. It is important to them to have power over the behavior of the other people in their environment. The need for power isn’t a human motive we

find very pleasant or admirable, most of us, but it is very important to some people (even some who don't approve of it).

And finally, everyone has some needs for *external rewards* from his work, because we depend on what we earn in the work place to satisfy our needs outside the work place.

This classification of human needs, based on the work of McClelland and Atkinson, is just one of several possible ways of approaching the topic. There are other classifications that may be equally perceptive and useful. But what is important for our purposes is the human diversity they imply.

As we design organizations to meet the needs of the people working in them, we must remember that although all persons probably experience all of these needs to some degree, different people attach very different weights and priorities to them. If, for example, we find someone who is strongly interested in political affairs or in management, it would be a good first guess (although it might turn out to be wrong) that that person has a relatively strong need for power. If he participated in designing an organization, it would probably be very important to him as to how power was allocated in it. Such a person might mistakenly suppose that the allocation of power mattered as much to everyone else as it mattered to him.

On the other hand, looking over the range of human values and desires, it is not hard to find other people who have very little concern with the exercise of power. In fact many people have a strong need for freedom from heavy responsibility.

I am not trying to make any evaluative judgments here, or to persuade you that a particular combination and balance of needs is the most desirable one. In our culture, when we are designing heroes for our books, we generally endow them with a high need for achievement, a more or less average need for affiliation, and very modest needs for power. Of course, not very many of our books have genuine heroes any more, and we have considerable freedom to design tragic heroes or anti-heroes whose fate is determined by a conflict between achievement and affiliation, or between power and achievement. But we certainly do not expect everyone to be a hero, and we would not want everyone to be an anti-hero.

The fact, however, that some people have a strong need for power has important consequences for organizations. For such people, authority relations are not simply neutral mechanisms for achieving organizational goals. They become ends in themselves. It becomes essential to such people that the authority structure be such that they can exercise authority and can

avoid its exercise over them. They become preoccupied with the authority relations themselves, and if sufficiently preoccupied, lose sight of the productivity goals of the organization.

Authority and the employment relation

What is the nature of authority in the work place — in industry, in business offices, and in government agencies? When we go to work for an organization, we sell our services to that organization. But there are several ways of selling one's services.

One way is through a sales contract. If the roof on my house leaks and I need a new roof, I go to several people and ask them to make a bid of the price they would require to fix it according to certain specifications. I choose one of the bidders, and we sign a contract. Then the contractor goes to work within the limits of the terms written in the contract. He does the work at his own discretion, and I am not welcome if I come around to supervise the job. For he has not contracted to accept my authority; he has contracted to do a specified piece of work of specified quality for a specified price. Much of the work of society is done by sales contracts which exchange goods or services for money on this basis.

Another important kind of contract in our society is the employment contract. It is specifically a contract in which the employee agrees to sell his services to the employer in such a way that he will accept the authority of the employer—accept his direction of the work within limits that are sometimes spelled out and sometimes understood implicitly between the parties. At the very core of the employment contract is the agreement of the employee to do those things, within reason, that the employer instructs him to do.

When will an employment contract be preferred to a sales contract? It will be preferred when it cannot be predicted easily in advance just what things need to be done, just what activities the employee should engage in. The employment contract is advantageous whenever there is a good deal of uncertainty, either about events in the world that determine what actions will be appropriate, or uncertainty arising from the fact that the effectiveness of the behavior of any one participant in the organization depends on the coordination of that behavior with the behaviors of other participants.

I have a secretary, and I know that I am going to have to ask her to write many letters for me. But at the time I employed her, I didn't know what letters would need to be written over the ensuing weeks and months. We couldn't write that specification into the contract between us. Instead, she agreed (implicitly) to write whatever letters I would later instruct her to write. It didn't make much difference to her which letters she would write—whether to Mr. Smith or Mr. Jones—but it made a great deal of difference to me. Hence it was advantageous to both of us to agree to an employment contract that defined her duties in general terms and that gave me authority to instruct her just when certain things, consistent with the general definition, were to be done.

We have authority in organizations, based on the employment relation between employee and employer, because it provides a very effective way of organizing human efforts under conditions of uncertainty—under conditions where coordinated action is needed, but where it isn't known today in detail what actions will be needed tomorrow. The employment relation permits effective, coordinated action to be carried out by organizations under such conditions of uncertainty. And the employment relation is the primary source of authority in organizations in our society.

The control of authority

If we feel, as the Founding Fathers did, that authority relations of human beings over other human beings are potentially dangerous because they limit the human rights and freedoms of those over whom the authority is exercised; and if authority relations are at the very core of the operation of our organizations; then we must consider how those authority relations are going to be controlled so that they will not lead to abuse and violation of basic human rights. This is the basis, I think, for our concern with industrial democracy. The term democracy refers to the methods we have devised for controlling authority in our society as a whole. We coin the term “industrial democracy” to designate the mechanisms to be used for controlling authority in the work place.

How far shall we pursue the analogy between political democracy in the society and industrial democracy in the work place? In our society as a whole, we control authority by instituting voting arrangements, so that the persons who exercise top authority are themselves elected officials. If enough of us don’t like what they do, then at the next election we can exchange one group of them for another. But I must remind you that it is essential to construct these voting institutions so that there is some protection of minorities against majorities. As James Madison pointed out in the statement quoted earlier, authority vested in a majority may also constitute a threat to freedom unless it is checked in some way.

But what about authority in the work place? We are not concerned with a whole society now, but with a business organization, say, that operates within the framework of a society—within a set of political and legal institutions which are already subject to democratic controls. What are the controls over authority in the work place itself? First of all, there is the control mechanism that economists like to speak of, the control exercised by market forces. A company has to sell its products, and can only raise the revenues it needs for its operations if the products are acceptable in the market at the prices it charges. Labor is exchanged in markets, and can only be hired at the going wage rates and by offering conditions of employment that are competitive with those offered by other employers. Companies need capital, which they can only obtain by offering attractive terms to potential

investors. One of the really remarkable, even radical, institutions of modern industrial society are markets, and the control that is exercised over the power of business enterprises by their need to satisfy market conditions.

I don't want to stand here as a latter-day resurrection of Adam Smith. Almost all of us recognize that there are severe limits to the perfection with which markets operate in our society—just as there are severe limits to the perfection with which most of our other institutions operate. But for the moment, I would like to stress the power of markets, rather than their limitations, and particularly their power to check and curb power. The manager of an industrial concern can do anything (legal) that he wants to, provided that he doesn't drive his customers away, provided that his workers don't quit, and provided that he can obtain the investment capital he needs for his operation. Anyone who has experience of modern management will know that these requirements place severe constraints on his action, severe constraints on the arbitrary exercise of power.

Since, of course, we don't believe in the complete efficacy of markets as controls over private authority, every modern society supplements market controls with a wide spectrum of public governmental controls over the operations of business: safety regulations; minimum wage regulations; laws governing working conditions; regulations protecting the environment.

Hence, if we ask in our modern industrial societies what methods we use to control the tremendous concentrations of authority we find in large business organizations, we see that this authority is controlled by market mechanisms conjoined with government regulation. These are extremely powerful controls that greatly reduce the measure of discretion that remains to the businessman.

It is often argued that business should be controlled also by its sense of social responsibility. I am suspicious of social responsibility as a major source of control over business, for social responsibility is self-control, and smacks a little bit of the New Man, who does what is good for society rather than what his interest dictates.

The primary responsibility of a business to society is to operate efficiently—that is, to make profits while staying well within the law. If a business has so much discretion and leeway that it can decide, on important matters, what is the socially responsible thing to do, then one would do well to begin worrying about the amount of power that is concentrated in the hands of the management of that business, and to wonder whether there should not be some additional control on that discretion. Social responsibility needs to be defined primarily by the society, and not by particular private organizations

within the society.

I worry also when I hear universities talking about *their* collective social responsibility. Universities cannot be trusted any more than other organizations to define “social responsibility” in a way that is consistent with the interests of the whole society. Using power in a socially responsible way too easily becomes a rationalization for looking out for one’s own interests.

Control of authority by participation

The call for industrial democracy rests, implicitly or explicitly, on the assumption that the controls over administrative authority in organizations maintained by markets and by governmental regulation are insufficient, and that, in particular, additional controls are needed to safeguard the basic human freedoms of employees. The idea of industrial democracy is that employees (in analogy with the others in the state) should be able to participate directly in the decision-making process in the organization, as a way of safeguarding their interests.

Employees are only one of the groups whose interests are affected by organizational decisions. There are also the managers and the owners—who often represent quite different interests. And there are the customers of the organization and its suppliers. We might raise the question of "industrial democracy" for any or all of these groups. But it is most appropriate to raise it with respect to employees, for it is they who stand in an authority relation with the organization.

When we talk about the participation of a group in decision-making, one of the questions we have to ask is: Whom does the group represent? Who is represented by management? Who is represented by the owners? And who is represented by the workers? In particular, can any of these groups be considered to represent the society as distinguished from a special interest within the society?

It is clear who the owners of the typical modern industrial concern represent: they represent the interest of the invested capital, and they are primarily concerned with profits and with the dividends that are paid from the profits. That is one of the reasons, of course, why modern industrialized states have paid considerable attention to the control of monopoly. For if we have monopoly, or anything approaching monopoly, then the owners of the corporation can exercise substantial power, and can use the monopoly power to gain additional profits.

Matters are not so simple when, as is often the case under modern conditions, business organizations are controlled by professional managers and not by the owners. Where ownership is widely dispersed, the shareholders are often in no position to check the power of the managers, and it is the latter who can decide how any surplus is to be distributed. And what is the interest of management? If we are cynical about human nature, or pragmatic about it as James Madison was, we will assume that managers are interested both in the power they exercise, and in the incomes they obtain from their positions, and that these interests may not coincide with those of the investors.

Let us come back, now, to the matter of worker participation. We can ignore the customers, because they exercise their power over the firm by deciding to buy or not to buy, and not by participating in internal decisions. (Cooperatives are exceptional in this respect.) But what is the interest of the people who work in the organization? Can they be said to represent the public interest? Like any other group we have considered, the employees have a conflict of interest: a conflict between their interest as workers in a particular concern and their interests as members of the broader society and as consumers in that society.

As workers, employees have a strong interest in maintaining pleasant conditions on the job. I won't say that they have an interest in inactivity—most of us are only moderately lazy, and prefer to put in a good day's work. But an employee's view of what is a good day's work is not always the same as his employer's. Hence, there is a conflict of interest about productivity, about how hard employees should work. It is in the interest of society and in the interest of a firm's customers that employees work very hard, be very efficient and very productive.

Next, in considering industrial democracy, we must define the precise group of workers who are to participate in decisions. Are we talking about the employees of a particular business concern? Are we talking about these employees as individuals, or as workers organized in a union that participates in decisions as an organized entity? Are we talking about a union of the employees of one concern, or a union that represents all the employees in an industry? For of course the significance of worker participation in the decision-making process is very different in these different kinds of situations.

In none of the situations I have mentioned is there any reason to suppose that the interest of the workers in a particular firm or industry is synonymous with the interest of society as a whole. Given a chance to exercise oligopoly or monopoly power, most of us are fully able—perhaps more unconsciously than consciously—to confuse the public interest with our private interest.

We need to design the relations of authority and control in our society under the assumption that each of the participants, most of the time, is going to be concerned with protecting and advancing its own interests, and that none of these special interests will coincide with the public interest. For this reason, I am skeptical that introducing a wider measure of worker participation is a particularly effective means for controlling power in industrial organizations.

If there are reasons for encouraging participation, then, they must derive from other considerations than the crude analogy between political democracy and industrial democracy. That analogy does not hold up under examination. Such other considerations do exist. The social psychological evidence is fairly convincing that bringing people “into the act,” informing them about what is going on, consulting them, drawing upon their knowledge in the decision-making process is advantageous in almost any organization. Employees who are informed and consulted can usually be expected to work more effectively and with more enthusiasm than those who are not, and to contribute important elements of expertness to the decision-making process. I suppose that even the conductor of the symphony orchestra asks the concertmaster for suggestions during rehearsals—or if he doesn’t, might improve the orchestra’s quality by doing so. But that is a very different matter from organizing the orchestra as a voting body with the members holding formal rights to participate in most of the management decisions.

Democracy and politics

Let me try now to draw my discussion to a conclusion. In society as a whole, we attach fundamental importance to maintaining democratic political controls over that society, primarily through the mechanisms of voting. We do this without any illusion that democratic institutions provide a magic way of identifying and responding to some public or general interest. We do it primarily as a way of preventing the concentration of power in the hands of a few people, who would almost certainly subvert that power in the service of their own interests.

In the United States, and perhaps in Sweden also, when we want to talk about our political institutions, we have a choice between two words. We have the word "democracy," which sums up all the things we like about our institutions—everything we think good in them. We also have the word "politics," which we use when we want to talk about the imperfections of our governmental institutions.

In the United States, most people are not proud to be called politicians. And yet "politician" should be the noblest occupation in a democracy, the occupation concerned with and responsible for making our democratic institutions work. But the working of democratic institutions calls for bargaining and compromise, which seems sordid to us. We try to avoid the dilemma by saying, "These are our good democratic institutions, but these are our bad political processes."

We must learn that democracy and politics are all part of the same package of imperfect human institutions, constructed of imperfect human beings. We want to have democratic institutions, and the price we pay for them is to put up with the political process. There seems to be no institutional design that gives us the benefits of the one without the costs of the other.

Even though we place supreme importance on having democratic control (that is, employee control) of political institutions, it does not follow as a matter of logic that we want similar democratic control of the authority in business organizations—as contrasted with controls through markets, through bargaining, and through governmental regulation, or some combination of these. It does not follow as a matter of logic that, simply

because voting is the primary mechanism of control at the societal level, it has to be the primary mechanism of control of the level of individual institutions within the society. There are many alternative control mechanisms we can consider at the level of business, governmental, and educational organizations.

Nor should we suppose that any particular group of organizational participants, even as numerous a group as the employees, represents an interest that is synonymous with or closely parallel with the public interest. Democracy is not an exercise in arithmetic, a counting of heads. It is a design for a social organization, composed of imperfect human beings, having a diversity of wants and needs. It is a design aimed not at translating those wants and needs into a general will, but at safeguarding human freedoms by avoiding any concentration of power, even its concentration in the hands of majorities.

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